

APPENDIX 1
ENHANCED CARRIER ROUTE
Presort Tree

The Presort Tree is a graphical representation of the complex inter-relationships in the Enhanced Carrier Route subclass among density levels and shapes. The “root” of the tree is the Basic Nonletter rate category, shown in the bottom righthand corner of the diagram. This follows the methodology described by the Commission in Docket No. MC95-1:

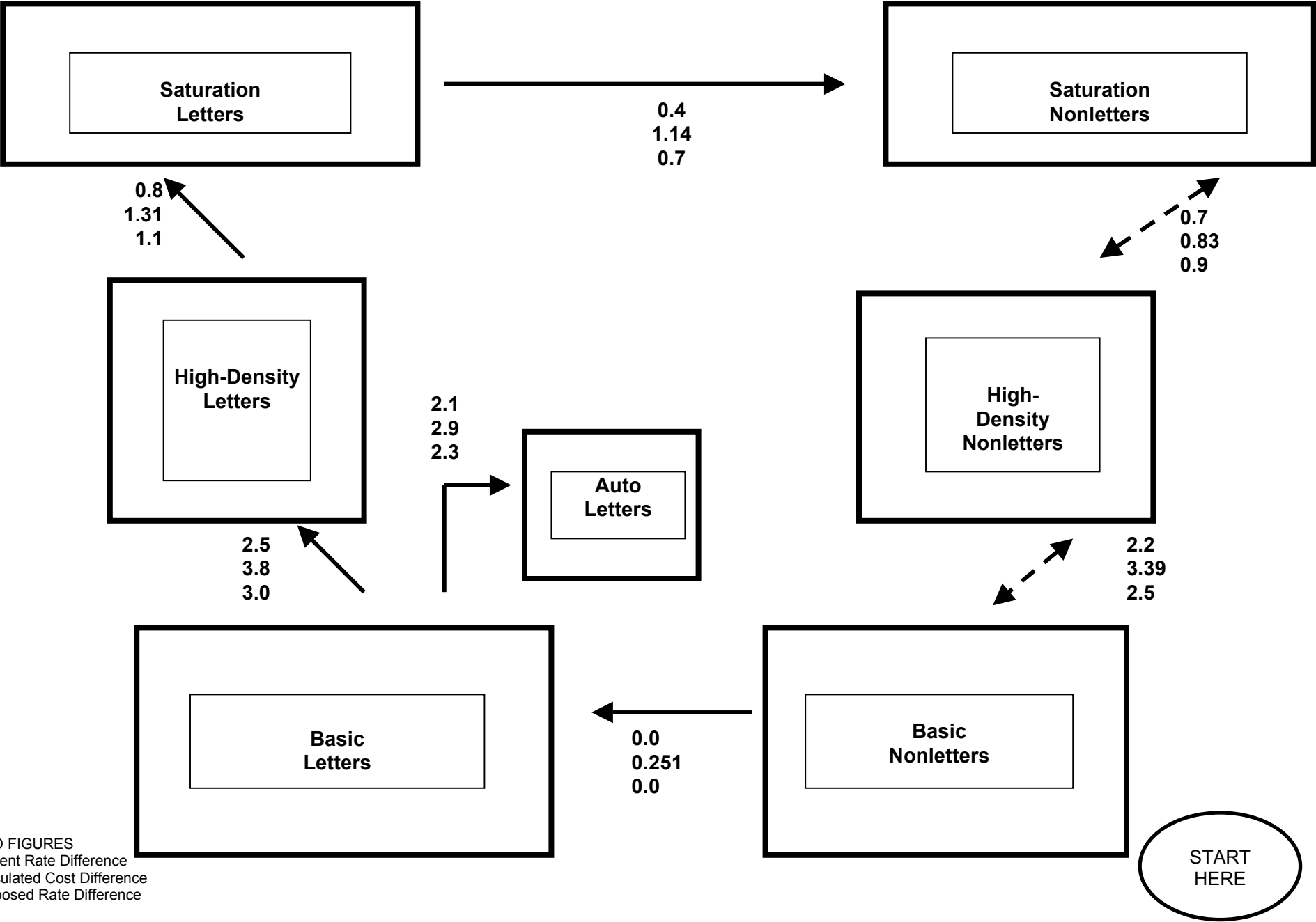
In Docket No. R90-1 the Postal Service used the basic flat category as the benchmark, or starting point, for rate calculations. The Commission adopted that approach in recommending its Docket No. R90-1 rates. This category reflects the most expensive standard class mail in this proceeding. Under a discount approach, the Commission believes it is logical to start with the most expensive category of mail and select discounts relative to that rate, i.e., from most expensive to least expensive. Thus, the Commission selects the same benchmark category for its rate recommendations in this decision as in Docket No. R90-1. (PRC Op., MC95-1, ¶ 5640).

The presort tree illustrates the measured cost passthroughs for ECR:

- The arrows show the flow of the rate design passthroughs.
- The dotted arrows represent implicit passthroughs that result from other passthrough selections (which are represented by solid arrows).
- There are three numbers between the boxes below. They are, from top to bottom:
 - Current rate difference
 - Calculated cost difference
 - Proposed rate difference.

The tree is depicted below.

ECR PRESORT TREE
(in cents)



KEY TO FIGURES
1.) Current Rate Difference
2.) Calculated Cost Difference
3.) Proposed Rate Difference